FILE COPY

Office - Supreme Court, U. S.
FILED
JUN 23 1948
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1948

No. 114

BEST & CO., INC.,

Petitioner,

—against—

SADIE S. MILLER, doing business under the name and style of Miller's Lilliputian Shoppe,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

JOSEPH M. PROSKAUER,
Counsel for Petitioner.

STRAUSS, REICH & BOYER,
Attorneys for Petitioner,
141 Broadway,
New York 6, N. Y.

JOSEPH M. PROSKAUER,
HAROLD H. LEVIN,
M. JAMES SPITZER,
Of Counsel.

THE COURT PRESS, N. Y. C.

INDEX.

PAGE

Petition for a Writ of Certiorari:

Summary Statement of the Matter Involved 1
Opinions Below 4
Facts 5
Jurisdictional Statement 6
Question Presented 7
Reasons Relied on for Granting the Writ 7
Prayer for Writ 9

Brief in Support of Petition for Writ of Certiorari:

Opinions of Courts Below 11
Jurisdiction 11
Statement of Case 12
Specifications of Errors 12

POINT I—The Second Circuit's decision in this case is in direct conflict with the decision of the same Court—with a different bench—in *Triangle Publications* v. *Miss Seventeen Foundations* and of the Eighth Circuit in *Hanson* v. *Triangle*, 163 F. 2d 74, cert. denied 332 U. S. 855 13

POINT II—The decision below is in conflict with the Ninth Circuit's recent decision in *Stork Restaurant, Inc.* v. *Sahati*, 166 F. 2d 348, and with other Circuit decisions cited with approval in that case 17

POINT III—In holding that the addition of respondent's surname, "Miller's" sufficiently distinguished its trade name and did not constitute an aggravation of the wrong, the majority opinion below conflicts with decisions of this Court, the Sixth Circuit and the Court of Customs and Patent Appeals 23

PAGE

POINT IV—In permitting respondent to use in a competing business, "Liliputian", the dominant word in petitioner's trade-mark—to say nothing of "Shoppe", a synonym for "Bazaar", the non-dominant part thereof—the decision below is in conflict with the decisions of numerous other Circuits, the Court of Appeals for the District of Columbia and the Court of Customs and Patent Appeals 26

POINT V—The decision herein should be reviewed because of the important and unsettled questions of law involved 28

Conclusion 31

TABLE OF CASES CITED:

Akron-Overland Tire Co. v. *Willys-Overland Co.*, 273 F. 674 (CCA 3rd) 26, 27

California Prune & Apricot G. Ass'n v. *Dobry Flour Mills*, 101 F. 2d 838 (CCPA) 8, 25

Eastern Columbia, Inc. v. *Waldman*, 30 Cal. 2d ——, 181 P. 2d 865 18

Fashion Park v. *The Fair*, 49 F. 2d 830 (CCPA) 27

Gannert v. *Ruppert*, 127 F. 962 (CCA 2nd, 1904) 3n

General Finance Loan Co. v. *General Loan Co.*, 163 F. 2d 709 (CCA 8th), cert. den. 332 U. S. 851 . . . 26

Hanson v. *Triangle Publications*, 163 F. 2nd 74 (CCA 8th) cert. denied 332 U. S. 855 . . . . . 7, 13, 14, 16, 26

Hellmann, Inc. v. *Oakford & Fahnestock*, 54 F. 2d 423 (CCPA) 25

Hygienic Products Co. v. *Huntington Laboratories*, 139 F. 2d 508 (CCPA) 27

PAGE

LaTouraine Coffee Co., Inc. v. *Lorraine Coffee Co. Inc.*, 157 F. 2d 115 (CCA 2d), cert. den. 329 U. S. 771 29

Menendez v. *Holt*, 128 U. S. 514 .....3, 4, 8, 23, 24, 28

Mishawaka R. & W. Mfg. Co. v. *S. S. Kresge Co.*, 316 U. S. 203 29

Nashville Syrup Co. v. *Coca-Cola*, 215 F. 527 (CCA 6th) 8, 24

Panitz v. *University Clothes*, 40 F. 2d 811 (D. C. Court of Appeals) 27

Photoplay Pub. Co. v. *LaVerne Pub. Co.*, 269 F. 730 (CCA 3rd) 26

Queen Mfg. Co. v. *Isaac Ginsberg & Bros.*, 25 F. 2d 284 (CCA 8th) 26

Standard Oil Co. of New Mexico v. *Standard Oil Co. of Cal.*, 56 F. 2d 973 (CCA 10th) 30

Stork Restaurant, Inc. v. *Sahati*, 166 F. 2d 348 (February 18th, 1948, CCA 9th) 8, 17, 18, 19, 20, 21, 22

Triangle Publications, Inc. v. *Miss Seventeen Foundations Co., et al.* (April 14th, 1948, CCA 2nd), —— F. 2d —— 7, 13, 14, 15, 16, 28

Western Auto Supply Co. v. *Knox*, 93 F. 2d 850 (CCA 10th) 26, 27

OTHER AUTHORITIES CITED:

Judicial Code as amended, Section 240 (Act of March 3, 1891, c. 517, Sec. 6, 26 Stat. 828; Act of March 3, 1911, c. 231, Sec. 240, 36 Stat. 1157; Act of February 13, 1925, c. 229, Sec. 1, 43 Stat. 938; U. S. C. Title 28, Sec. 347) 6, 7, 11, 12

Lanham Trade-Mark Act of 1946, 15 U. S. C. A...3, 13, 28

Trade-Mark Act of 1905, 15 U. S. C. A. 3

IN THE

Supreme Court of the United States

OCTOBER TERM, 1947.

No. .

BEST & CO., INC.,

Petitioner,

—against—

SADIE S. MILLER, doing business under the name and style of Miller's Lilliputian Shoppe,

Respondent.

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Best & Co., Inc., respectfully shows:

SUMMARY STATEMENT OF THE MATTER INVOLVED.

Petitioner prays for a writ of certiorari to review the decision of the Circuit Court of Appeals for the Second Circuit, which, by a divided Court, affirmed a judgment of the District Court, dismissing petitioner's complaint in an action to enjoin respondent from infringing petitioner's registered trade-mark

"Liliputian Bazaar" by its use of the name "Miller's Lilliputian Shoppe" and from thus engaging in unfair competition in a similar business.

The Courts below found that since 1879 plaintiff has used the name "Liliputian Bazaar" continuously, that "up to 1910 its store front carried the name 'Liliputian Bazaar' and the goods there sold were so advertised and labeled" and that thereafter the name was used for its children's department, whose merchandise except where it was impracticable to do so "has always been labeled 'Liliputian Bazaar' ".

The Second Circuit then made this significant finding:

> "During the entire period that the business has been in existence the 'Liliputian Bazaar' has been extensively advertised, and has come to signify in the minds of the buying public Best & Co." (R., p. 445).

The Circuit Court then held that though the petitioner and its predecessor since 1879 had used its trade-mark which was registered in 1915 and renewed in 1935, though it had attained a secondary meaning through extensive advertising and long usage and though respondent, a competitor in the same market, "makes use of the dominant word in plaintiff's mark and substitutes a synonym for 'Bazaar' ", petitioner was not entitled to injunctive relief.

Laying stress on the absence of proof of actual confusion, the majority held that the addition of respondent's surname "Miller's" was sufficient to distinguish the two names.

The Circuit Court agreed with the trial court that it was "unnecessary to decide whether the trade-mark is a proper subject of registration" and then held that the "secondary meaning" rule respecting products differs from that applying to sources.

The majority held that the rule laid down in *Menendez* v. *Holt*, 128 U. S. 514—that the addition of a surname to an infringing mark "is an aggravation and not a justification" does not apply here—again because "Liliputian Bazaar" does not identify a product but rather a business or source (R. 443-450).

Judge Clark in his dissent held that "Liliputian Bazaar" was a validly registered trade-mark under the 1905 Act, that the new Lanham Trade-Mark Act which broadens the area of registration and the protection of registered marks should be applied and that, therefore, this case should be treated as a trade-mark case "pure and simple".* With that in view,

---

* Judge Clark cites *Gannert* v. *Ruppert*, 127 F. 962 (CCA 2nd, 1904), wherein the Court granted an injunction to restrain the use of the name "Home Comfort" for a magazine at the instance of the owner of a magazine "Comfort". Circuit Judge Coxe there said:

> "This is a trade-mark case pure and simple. It is not a case of unfair competition. It is founded on a technical, common-law trade-mark. With this distinction in mind it is obvious that many of the propositions argued by the defendant are irrelevant.
>
> * * * *
>
> The defendant is publishing a monthly paper circulating, in part at least, in the same territory as the complainant's paper and covering a somewhat similar field. He calls his paper 'Home Comfort.' This is enough to justify the relief prayed for. It is of no moment that the proof fails to show deception, confusion or injury to any marked extent. Such proof is unnecessary where infringement of a valid trade-mark is clearly established" (pp. 963-964).

Judge Clark pointed out that "plaintiff need show only the defendant's confusing use, without proof of damage or other unfairness than the use * * *" (R. 452).

With respect to respondent's use of "Lilliputian Shoppe", he stated that "one could hardly imagine an expression better formulated to express the same thing slightly differently, but with like force" and that the addition of "Miller's" does constitute "an aggravation and not a justification" under *Menendez* v. *Holt, supra.*

Judge Clark emphasized the fact that the competition here is "in exactly the same business" (children's wear) and concluded that respondent should be required to choose his own slogan to exploit "without riding upon the successful advertising of another".

Finally, Judge Clark points to the fact that the opinion of the majority raises the spectre of

> "* * * direct competition right in New York City from 'Macy's Liliputian Shop, Saks' Liliputian Shoppe, Lord & Taylor's Liliputian Department, Franklin Simon's Liliputian Store'" (R., p. 454).

Opinions Below.

The Circuit Court of Appeals wrote two opinions (R. 443-455) which are reported in 167 F. 2d 374. The opinion of District Judge Alfred C. Coxe (R. 429-434) is reported in 67 F. Supp. 809.

Facts.

The facts are not in dispute. The Circuit Court of Appeals summarized the Trial Court's findings as follows:

> "Since 1879 the plaintiff and its predecessors have been continuously engaged in the City of New York in selling at retail apparel for infants and children not over six years of age. Up to 1910 its store front carried the name 'Liliputian Bazaar' and the goods there sold were so advertised and labeled. In that year the store was moved to Fifth Avenue and 35th Street, and the business was expanded to include apparel and accessories for older children and adult men and women. Thereafter the sale of goods for infants and children under seven was conducted as a department of the plaintiff's business. Except where it was impracticable to do so, the merchandise sold in this department has always been labeled 'Liliputian Bazaar'. During the entire period that the business has been in existence the 'Liliputian Bazaar' has been extensively advertised, and has come to signify in the minds of the buying public Best & Co. In February 1930 the plaintiff opened a branch store in Mamaroneck, New York, which is 13 miles from Stamford, Connecticut. In that year the plaintiff had 1495 charge customers in the Stamford area. In August 1942 it opened a branch store in Stamford on the same street as the defendant's store and almost directly opposite it.
>
> The defendant's store was opened on December 31, 1930, by her husband Jacob Miller, to whose interest she succeeded upon his death in 1940. The store has always borne the name 'Miller's Lilliputian Shoppe' and occupied the same premises. From the start the business has been re-

> stricted to the retail sale of wearing apparel for infants and children wearing garments no larger than size 16, and the merchandise sold has carried labels bearing the name of the store and its location, 'Stamford, Conn.'
>
> * * * *
>
> The existence of 'Miller's Lilliputian Shoppe' at Stamford came to the attention of the plaintiff in 1933 and a demand was made upon Jacob Miller that he discontinue the use of the words 'Lilliputian Shoppe'. This demand was renewed in 1934 and again in October 1944. Negotiations followed, and upon their collapse the present suit was commenced on November 8, 1944" (R. 444-446).

We need only add that, as stated in the dissenting opinion, "plaintiff's customers frequently addressed its 'Liliputian Bazaar' as 'Liliputian Shop', 'Liliputian Bar', 'Liliputian Center' and 'Liliputian Department' * * * (and) that persons seeing garments with defendant's label immediately assumed that they were garments from Best & Co. * * *". This evidence Judge Clark deemed "pertinent and convincing" on the subject of confusion (R. 454).

Application has not been made for reargument, reconsideration or rehearing in respect to said decision of the Circuit Court of Appeals.

Jurisdictional Statement.

Jurisdiction to review this case upon writ of certiorari is expressly conferred upon this Court by Judicial Code, Section 240, as amended (Act of March 3, 1891, c. 517, Sec. 6, 26 Stat. 828; Act of March 3, 1911, c. 231, Sec. 240, 36 Stat. 1157; Act of February

13, 1925, c. 229, Sec. 1, 43 Stat. 938; U. S. C. Title 28, Sec. 347).

Question Presented.

Was there infringement of the trade-mark "Liliputian Bazaar" which had been extensively advertised and used by plaintiff and its predecessors since 1879 (registered since 1915) in the sale of infants' wear, or was there unfair competition with plaintiff when defendant entered the same business fifty-one years later in competition with the plaintiff under the name "Miller's Lilliputian Shoppe" which contains the dominant part of plaintiff's mark and a synonym for the rest of it?

Reasons Relied on for Granting the Writ.

This Court is requested to grant the writ for the following reasons:

1. The majority opinion in this case is in direct conflict with the decision of the same court—with a different bench—in *Triangle Publications, Inc.* v. *Miss Seventeen Foundations Co., et al.,* decided April 14th, 1948, and with the Eighth Circuit's decision in *Hanson* v. *Triangle,* 163 F. 2nd 74.

In the former case, Judge Frank, writing the dissent, stated:

> "I think that anyone reading the decision in the *Best* case and the decision here will be in considerable confusion about the doctrine of confusion in this circuit. On that ground, also, it seems to me the Supreme Court should review this decision" (p. 1254) (—— F. 2d ——).

Without an authoritative determination by this Court, the success of a plaintiff, seeking to protect his mark in the Second Circuit, will continue to depend more on the accident of the Court's composition than on any certainty of settled rule in the Circuit.

2. To the extent that the majority below failed to consider petitioner's property right in its tradename and permitted respondent to gain benefit from its extensive advertising, their decision is in direct conflict with the Ninth Circuit's recent decision in *Stork Restaurant, Inc.* v. *Sahati,* 166 F. 2d 348 (February 18th, 1948) and with other Circuit Court decisions cited therein.

3. In so far as the Second Circuit held that the addition of respondent's surname sufficiently distinguished its trade name and did not constitute an aggravation rather than a justification, its decision conflicts with this Court's decision in *Menendez* v. *Holt,* 128 U. S. 514, the Sixth Circuit's decision in *Nashville Syrup Co.* v. *Coca-Cola,* 215 F. 527, and that of the Court of Claims and Patent Appeals in *California Prune & Apricot G. Ass'n.* v. *Dobry Flour Mills,* 101 F. 2d 838.

4. In so far as the decision herein permits respondent to use the dominant part of plaintiff's trademark—to say nothing of a synonym for the balance thereof—it is in conflict with decisions in the Third, Eighth, Tenth Circuits, Court of Appeals for the District of Columbia and the Court of Customs and Patent Appeals.

5. The decision herein should be reviewed because of the important and unsettled questions of law involved.

Prayer for Writ.

Wherefore, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Court to the United States Circuit Court of Appeals for the Second Circuit commanding said last named Court to certify and send to this Honorable Court a full and complete transcript of the record of all proceedings in the within cause and to stand to and abide by such order and direction as to your Honors shall seem meet and the circumstances of the case require and that your petitioner may have such other and further relief or remedy in the premises as to this Court may seem proper.

Dated: New York, N. Y., June 18, 1948.

Joseph M. Proskauer,
Counsel for Petitioner.

Strauss, Reich & Boyer,
Attorneys for Petitioner,
141 Broadway,
New York 6, N. Y.

Joseph M. Proskauer,
Harold H. Levin,
M. James Spitzer,
Of Counsel.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1947.

No. .

BEST & CO., INC.,

Petitioner,

—against—

SADIE S. MILLER, doing business under the name and style of Miller's Lilliputian Shoppe,

Respondent.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions of Courts Below.

The opinion of the District Court (R. 429-434) is reported in 67 F. Supp. 809. The majority opinion by Judge Swan of the Circuit Court of Appeals for the Second Circuit (R. 443-450) and the minority opinion by Judge Clark (R. 451-455) are reported in 167 F. 2d 374.

Jurisdiction.

Jurisdiction to review this case upon writ of certiorari is expressly conferred upon this Court by Judicial Code, Section 240, as amended (Act of

March 3rd, 1891, c. 517, Sec. 6, 26 Stat. 828; Act of March 3rd, 1911, c. 231, Sec. 240, 36 Stat. 1157; Act of February 13th, 1925, c. 229, Sec. 1, 43 Stat. 938; U. S. C., Title 28, Sec. 347).

Statement of Case.

A sufficient statement of the case will be found in the accompanying petition and in the interest of brevity will not be repeated.

Specifications of Errors.

The Second Circuit Court of Appeals erred as follows:

1. In sanctioning respondent's adoption and use in its trade name—in a similar business—of "Lilliputian" the dominant word in petitioner's 51 year-old trade-mark and "Shoppe", a synonym for "Bazaar", the non-dominant word in petitioner's said mark.

2. In holding that the use of respondent's surname in conjunction with "Lilliputian Shoppe" sufficiently distinguishes the two names and does not constitute an aggravation of the wrong instead of a justification.

3. In holding, in effect, that actual confusion must be shown in a case of this kind.

4. In failing to hold that "Liliputian Bazaar" is a valid trade-mark and in failing to treat this case as a "trade-mark case pure and simple".

5. In holding that a different rule applies with respect to marks identifying products and those identifying sources or businesses.

6. In failing to protect petitioner's property right in its slogan and in sanctioning respondent's getting "a free ride" upon petitioner's expensive, extensive and successful advertising of its trade-mark "Liliputian Bazaar".

7. In refusing to apply the broadening protection afforded by the recently enacted Lanham Act.

POINT I.

The Second Circuit's decision in this case is in direct conflict with the decision of the same Court—with a different bench—in *Triangle Publications* v. *Miss Seventeen Foundations* and of the Eighth Circuit in *Hanson* v. *Triangle*, 163 F. 2d 74, cert. denied 332 U. S. 855.

In *Triangle Publications* v. *Miss Seventeen Foundations*, —— F. 2d ——, decided twelve days after this one, the plaintiff published a girls' magazine, entitled "Seventeen", for which it was later granted a trade-mark. Six months after the first publication of said magazine, the defendant adopted the name "Miss Seventeen Foundations Co." for a partnership name to make and sell girdles called "Miss Seventeen".

As stated in the majority opinion, the Trial Court found that "the use of 'Seventeen' to describe any article of teen-age apparel, including girdles, was likely to create the belief in the mind of teen-age girls that the article was advertised in or commented upon editorially by the magazine, and that the use of 'Seventeen' as a trade-mark or trade name by a manufacturer of teen-age apparel was likely to cause damage

to plaintiff's good-will in the name of its teen-age fashion magazine" (pp. 1232-1233).

After referring to the decision of the Trial Court and that of the 8th Circuit in *Hanson* v. *Triangle,* 163 F. 2d 74, cert. den. 332 U. S. 855, wherein Triangle was granted an injunction enjoining the manufacture of dresses labelled "Seventeen for the Junior Teens", the Second Circuit Court, per Judge A. N. Hand, stated:

> "We are in accord with the views of the district judge and the Eighth Circuit that plaintiff's use of 'Seventeen' was arbitrary and fanciful rather than descriptive of the magazine or its subject matter. In other words, it was employed as symbolical of teen-age girls and their interests rather than in any primary or literal sense. In the record before us there was substantial evidence to support the findings of the district court that the word 'Seventeen' as used by the plaintiff had almost immediately acquired a secondary meaning and that the defendants' use of that word was likely to cause a confusion as to sponsorship by plaintiff that might be harmful to the latter's reputation" (p. 1235).

In dealing with the effect of the defendants' choice of "Seventeen" after its exploitation by the magazine "Seventeen", the majority said:

> "Such a prospective gain to the defendants, which apparently caused them to make use of the word 'Seventeen,' would necessarily be at the risk of the plaintiff's reputation and the realization of it through the erroneously supposed sponsorship of the plaintiff would injure the latter's reputation if goods sold by the defendants were inferior to

> the high quality which the public attributed to the goods actually advertised in or commented upon by the magazine. We agree with the holding of the Eighth Circuit that the defendants cannot lawfully impose any such risk upon the plaintiff by appropriating its name 'Seventeen' because that name had come to indicate in the teen-age fashion field a sponsorship by or some relation to the magazine" (p. 1236).

In the action at bar, the Circuit bench consisted of Judges Swan, Frank and Clark with Judge Clark writing the dissent.

In the *Triangle Publications* case, the bench consisted of Judges Augustus N. Hand, Clark and Frank, with Judge Frank writing the dissent.

Citing the majority's decision in the case at bar, Judge Frank said:

> "And, just the other day, in withholding relief, we said that a plaintiff must make out an unusually strong case when his trade-name relates to a business and not to any particular product. *Best & Co., Inc.* v. *Miller,* —— F. (2d) —— (C. C. A. 2, April 2, 1948). I think that anyone reading the decision in the *Best* case and the decision here will be in considerable confusion about the doctrine of confusion in this circuit. On that ground, also, it seems to me the Supreme Court should review this decision" (p. 1254).

In dissenting from the denial of a rehearing, Judge Frank said:

> "In *Best & Company, Inc.* v. *Miller,* —— F. (2d) —— (C. C. A. 2), decided twelve days before the decision in the instant case, this court under-

> scored the fact that 'the record was bare of a single instance of a purchaser buying the defendant's merchandise in the belief that it was the plaintiff's.' Having in mind that here, too, the record is bare of a single instance of a misled buyer, I agree with this statement made by defendants in their petition: 'If Best & Company, after using Liliputian Bazaar for more than six decades could *not* enjoin a competitor using substantially the same name in the *same* business, it is difficult to understand how plaintiff here, after using Seventeen for less than six months *can* enjoin a *non*-competitor using substantially the same name in a wholly *unrelated* business.' "

The Eighth Circuit in the *Hanson* v. *Triangle Publications* case found unfair competition despite the absence of competition between the defendant dress manufacturer and the plaintiff magazine publisher, stating that

> "The use of another's mark or name, even in a non-competitive field, where the object of the user is to trade on the other's reputation and good will, *or where that necessarily will be the result,* may constitute unfair competition" (p. 78 of 163 F. 2d). (Emphasis supplied.)

It is clear from the foregoing that the Eighth Circuit and the bench in the Second Circuit that granted protection to "Seventeen", *a fortiori,* would have held for petitioner here and unless an authoritative decision is rendered by this Court, the results in these cases will continue to depend upon the Circuits in which they are heard and upon the fortuitous circumstance of day-to-day changes in the Second Circuit bench.

POINT II.

The decision below is in conflict with the Ninth Circuit's recent decision in *Stork Restaurant, Inc.* v. *Sahati,* 166 F. 2d 348, and with other Circuit decisions cited with approval in that case.

The majority of the Court in this case distinguished between trade names and trade-marks and, in effect, held that where the marks do not denote products, and there is no proof of deception or actual confusion, the fact that one merchant has appropriated the trade name of another is not sufficient to warrant granting relief to the prior user.

The Ninth Circuit held exactly to the contrary in *Stork Restaurant* v. *Sahati,* 166 F. 2d 348, decided February 18th, 1948. There, the Court was dealing with the appropriation of the trade name "The Stork Club", a much publicized night club in New York, by Sahati, the operator of a small bar and tavern in San Francisco. Obviously, the bar could take no customers away from the New York night club.

The Ninth Circuit held that, despite the absence of competition, the plaintiff was entitled to protection because

(1) trade names and trade-marks stand on a similar footing;

(2) "a trade name gives rise to a property right";

(3) "direct or 'market' competition is not an essential ingredient of unfair competition";

(4) the plaintiff was entitled to protection against "'confusion of source', with its corollary, 'dilution of good will'";

(5) plaintiff was entitled to protection against the defendant's "reaping where one has not sown";

(6) a showing of actual loss or fraudulent intent was not necessary to afford protection to plaintiff's trade name.

(1)

The Ninth Circuit quoted with approval the following from *Eastern Columbia, Inc.* v. *Waldman,* 30 Cal. 2d —— 181 P. 2d 865, 867:

> "'* * * *The protection afforded trade names which have acquired the status here reached is treated in the same category as trademarks, where it is not necessary that the competitor use the words to describe his product.* [Many cases cited]' (Emphasis supplied.)" (p. 352 of 166 F. 2d).

(2)

The Ninth Circuit pointed out that in California, as elsewhere, "ownership of a trade name is a property right" and then states:

> "The California rule accords with general law. In *Siegel Co.* v. *Federal Trade Commission,* 327 U. S. 608, 612, 66 S. Ct. 758, 760, 90 L. Ed. 888, Mr. Justice Douglas referred to trade names as 'valuable business assets' and adverted to 'the policy of the law to protect them as assets of a business', citing *Federal Trade Commission* v. *Royal Milling Co.,* 288 U. S. 212, 217, 53 S. Ct. 335, 77 L. Ed. 706.
>
> * * * *
>
> In *American Steel Foundries* v. *Robertson,* 269 U. S. 372, 46 S. Ct. 160, 162, 70 L. Ed. 317, the court said: 'The general doctrine is that equity not only will enjoin the appropriation and use

of a trade-mark or trade-name, where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs.' [Cases cited.]" (p. 353 of 166 F. 2d).

(3)

On the subject of absence of direct or market competition, the Ninth Circuit cites Second and Eighth Circuit cases:

"The modern general law on this subject was trenchantly epitomized by Judge Learned Hand in the leading case of *Yale Electric Corporation* v. *Robertson,* 2 Cir., 26 F. 2d 972, 973, 974:

'The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second.

* * * *

'However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that,

unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. [Cases cited.]'

A very recent statement of the doctrine is to be found in *Hanson* v. *Triangle Publications,* 8 Cir., 1947, 163 F. 2d 74, 78, certiorari denied 68 S. Ct. 387: '* * * the use of another's mark or name, even in a non-competitive field, where the object of the user is to trade on the other's reputation and good will, *or where that necessarily will be the result,* may constitute unfair competition. [Cases cited.]' (Emphasis supplied.)" (pp. 354-355 of 166 F. 2d).

(4)

As to confusion of source, the Ninth Circuit said:

"In a situation where there is no direct competition between the parties, confusion of source may be defined as a misleading of the public by the imitation of 'An attractive, reputable trademark or trade-name * * * not for the purpose of diverting trade from the person having the trademark or trade name to the imitator, but rather for the purpose of securing for the imitator's goods some of the good-will, advertising and sales stimulation of the trade-mark or trade name'. Restatement, Id., at page 597.

'One's interest in a trade-mark or trade name came to be protected, therefore, not only on competing goods, but on goods so related in the market to those on which the trade-mark or trade name is used that the good or ill repute of the one type of goods is likely to be visited upon the other. Thus one's interest in a trade-mark or trade name is protected against being subjected to the hazards of another's business.' Restate-

ment, Id., at pages 597-598" (p. 356 of 166 F. 2d).

(5)

With respect to "reaping where one has not sown", the Ninth Circuit cites, with approval, Fifth and Eighth Circuit cases, saying:

"By whatever name it is called, equity frowns upon such business methods, and in proper cases will grant an injunction to the rightful user of the trade name.

In *Aetna Casualty & Surety Co.* v. *Aetna Auto Finance, Inc.*, 5 Cir., 123 F. 2d 582, 584, certiorari denied, 315 U. S. 824, 62 S. Ct. 917, 86 L. Ed. 1220, the court used the following language:

'This purpose is to project itself into that business arena panoplied in a name already favorable known, rather than to come into it on its own merits, and slowly building, here a little, there a little, establish its own place. * * * [Many cases cited].'

'These cases all hold that where as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.'

In *Cleo Syrup Corporation* v. *Coca-Cola Co.*, 8 Cir., 139 F. 2d 416, 417, 150 A. L. R. 1056, certiorari denied, 321 U. S. 781, 782, 64 S. Ct. 638, 88 L. Ed. 1074, the court declared that 'There is no merit in the contention that a court of equity will not afford protection to the plaintiff's trademark or prevent its good will from being nibbled away by unfair competitors' " (p. 357 of 166 F. 2d).

(6)

On the necessity for showing loss of business or injury the Ninth Circuit said:

> "The appellees stress the fact that the appellant has failed to show 'that appellees' operation in any way has injured appellant,' etc.
>
> Neither under the California jurisprudence nor under the general law is such showing necessary.
>
> * * * *
>
> * * * in the recent case of *Winfield* v. *Charles, supra,* 77 Cal. App. 2d at page 70, 175 P. 2d at page 73, we find the following succinct statement: 'It is unnecessary, in such an action, to show that any person has been confused or deceived. It is the likelihood of deception which the remedy may be invoked to prevent.'
>
> This is undoubtedly the Federal rule. In *Adolph Kastor & Bros.* v. *Federal Trade Commission,* 2 Cir., 138 F. 2d 824, 826, the court thus summarized the doctrine: 'No one need expose his reputation to the trade practices of another, even though he can show no pecuniary loss'[14]" (p. 359 of 166 F. 2d).

---

[14] "See also *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of California, supra,* 10 Cir., 56 F. 2d 973, at page 976; *Acme Chemical Co.* v. *Dobkins, supra,* D. C., 68 F. Supp. 601, at page 614. Cf. *Kroll Bros. Co.* v. *Rolls-Royce,* 126 F. 2d 495, 498, 29 C. C. P. A. (Patents) 897; *Cleo Syrup Corporation* v. *Coca-Cola Co., supra,* 8 Cir., 139 F. 2d 416, at page 418."

From the foregoing it is clear that if the conclusions of the Ninth Circuit represent the law on the various legal principles upon which it based its decision, then the decision of the majority in the case at bar does not. The two decisions cannot be reconciled.

POINT III.

In holding that the addition of respondent's surname, "Miller's" sufficiently distinguished its trade name and did not constitute an aggravation of the wrong, the majority opinion below conflicts with decisions of this Court, the Sixth Circuit and the Court of Customs and Patent Appeals.

The Circuit Court in this case held that the use of the surname, "Miller's", in connection with "Lilliputian Shoppe" sufficiently distinguished the latter from "Liliputian Bazaar" and that the rule that such use of an individual's name constitutes "an aggravation and not a justification" (*Menendez* v. *Holt,* 128 U. S. 514) did not apply because "Liliputian Bazaar" identifies a business rather than a product.

The opening statement in Chief Justice Fuller's opinion in the *Menendez* case indicates that it cannot be distinguished on the facts:

> "The fact that Holt & Co. were not the actual manufacturers of the flour, upon which they had for years placed the brand in question, does not deprive them of the right to be protected in the use of that brand as a trademark."

Exactly the same situation was found by the courts below to exist here:

> "Thereafter (after the petitioner ceased to use 'Liliputian Bazaar' as the name of its entire store in 1910) the sale of goods for infants and children under seven was conducted as a department of the plaintiff's business. Except where

> it was impracticable to do so, *the merchandise sold in this department has always been labeled* 'Liliputian Bazaar'" (R. 445). (Emphasis supplied.)

It is obvious that people who buy children's wear manufactured for Best's, bearing the label "Liliputian Bazaar" are just as much affected thereby as were the purchasers of Holt & Co.'s branded flour which that company purchased from others.

In the *Menendez* case, this Court said:

> "* * * it is no answer to their action to say that there was no invasion of that right because the name of S. O. Ryder accompanied the brand upon flour sold by appellants, instead of the name of Holt & Co. That is an aggravation and not a justification, for it is openly trading in the name of another upon the reputation acquired by the device of the true proprietor. *Gillott* v. *Esterbrook,* 47 Barb. 455; *S. C.* 48 N. Y. 374; *Coats* v. *Holbrook,* 2 Sandf. Ch. 586."

The Sixth Circuit, in applying the rule in *Nashville Syrup Co.* v. *Coca-Cola Company,* 215 F. 527 (CCA 6th, 1914) said:

> "To permit defendant to use them (the words Coca-Cola) in connection with his own name is not to avoid or mitigate the wrong, but is rather an aggravation, because of the false implication that plaintiff has parted with the exclusive right" (p. 530).

By the same token, if respondent is permitted the use of the name "Lilliputian", is it not likely that the buying public may get one of two impressions: either that Best & Co. "has parted with the exclusive right"

or that respondent's business is a branch of or in some manner connected with petitioner's?

See also decisions of the Court of Customs and Patent Appeals in *Hellmann, Inc.* v. *Oakford & Fahnestock,* 54 F. 2d 423, and *California Prune & Apricot Growers Ass'n* v. *Dobry Flour Mills, Inc.,* 101 F. 2d 838.

In the latter case, the Court, after referring to its decision in the former, said:

> "There, as here, the only important distinguishing difference between the two marks was the name of an individual. In that case the dominant part of appellant's mark was 'Blue Ribbon,' which was the dominant part of the mark of appellee. In the case at bar the dominant part of appellee's mark is the notation 'Sunsweet,' which is the dominant part of appellant's mark. In addition, both marks here involved have a representation of the sun. We have no hesitation in holding that the marks of the parties are confusingly similar, and that appellant has been damaged by the registration of appellee's mark. To hold otherwise would make it possible for one to appropriate a trade-mark which, through extensive advertising, had become a household word, by adding thereto the name of an individual. Many others might do likewise and the value of the trade-mark to the first adopter and user might be largely destroyed" (p. 840).

The reasoning of these cases is just as apposite to trade names of businesses as to trade-marks on goods.

POINT IV.

In permitting respondent to use in a competing business, "Liliputian", the dominant word in petitioner's trade-mark—to say nothing of "Shoppe", a synonym for "Bazaar", the non-dominant part thereof—the decision below is in conflict with the decisions of numerous other Circuits, the Court of Appeals for the District of Columbia and the Court of Customs and Patent Appeals.

Photoplay Pub. Co. v. *LaVerne Pub. Co.*, 269 F. 730 (CCA 3rd)
("Photo-Play Journal" and "Photoplay Magazine");

Akron-Overland Tire Co. v. *Willys-Overland Co.*, 273 F. 674 (CCA 3rd);

General Finance Loan Co. v. *General Loan Co.* (CCA 8th), 163 F. 2d 709, cert. den. 332 U. S. 851
("General Finance" and "General Loan");

Queen Mfg. Co. v. *Isaac Ginsberg & Bros.*, 25 F. 2d 284 (CCA 8th)
("Queen Brand" and "Queen Make");

Hanson v. *Triangle Publications*, 163 F. 2d 74 (CCA 8th), cert. den. 332 U. S. 855
("Seventeen for the Junior Teens" dresses and "Seventeen" magazine);

Western Auto Supply Co. v. *Knox*, 93 F. 2d 850 (CCA 10th)
("Western Auto Salvage Co." and "Western Auto Parts Co." as infringing upon "Western Auto Supply Co.");

Panitz v. *University Clothes,* 40 F. 2d 811 (D. C. Court of Appeals)
("University Shop" and "University Clothes");
Fashion Park v. *The Fair,* 49 F. 2d 830 (CCPA)
("Fashion Row" and "Fashion Park");
Hygienic Products Co. v. *Huntington Laboratories,* 139 F. 2d 508 (CCPA)
("Toilet-San" and "Sani-Flush").

Lest it be said that the foregoing cases may be distinguished because in this case, we are dealing with names of businesses rather than products, it should be noted that the same was true in *Western Auto Supply Co.* v. *Knox, supra,* wherein the 10th Circuit Court granted an injunction against defendant's use of the name of its business "Western Auto Salvage Co." and "Western Auto Parts Co." as constituting unfair competition with "Western Auto Supply Co."

The same is true with respect to *Akron-Overland Tire Co.* v. *Willys-Overland Co., supra,* wherein, again, the 3rd Circuit was dealing with the names of two companies, one of which manufactured automobiles and the other tires.

POINT V.

The decision herein should be reviewed because of the important and unsettled questions of law involved.

From what has been said, it is clear that there are wide differences among Circuit Courts and Judges on fundamental questions of law to be applied in cases of this kind:

Are trade names used to label articles to show source entitled to the same protection as trade-marks denoting products?

Must actual confusion be shown where one appropriates another's trade name and engages in competition with him?

Does the addition of the individual's name to an otherwise infringing trade name absolve the appropriator and is the rule laid down in *Menendez* v. *Holt* to be restricted to trade-marks of products?

Is the appropriator of another's trade-mark permitted a "free ride", unless its owner can prove actual loss, as indicated by one of the concurring Judges in this case in his dissent in the *Triangle Publications* case, where he speaks of "the 'now discredited theory' of the 'free ride' "?

Is the character of proof required in trade-mark cases the same as in unfair competition cases?

Should the new Lanham Act be applied prospectively to pending cases, as suggested by Judge Clark's

dissent in this case and by the prevailing opinion in *LaTouraine Coffee Co., Inc.* v. *Lorraine Coffee Co. Inc.* (CCA 2d), 157 F. 2d 115, cert. den. 329 U. S. 771?

These questions and others, as has been shown, have been answered differently by various intermediate courts. In the Second Circuit, the answer depends upon the composition of the court in the particular case.

The decision below presents questions of great importance to those who expend substantial sums in advertising their trade names or trade-marks to accomplish the purpose and in the expectation of the protection, set forth by Mr. Justice Frankfurter in *Mishawaka R. & W. Mfg. Co.* v. *S. S. Kresge Co.*, 316 U. S. 203:

> "The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress" (p. 205).

Petitioner, from 1879 through 1944, spent $2,920,280 in newspaper, magazine and radio advertising of the business carried on under "Liliputian Bazaar" (R., p. 37).

By such advertising, petitioner has sought to use "Liliputian Bazaar" as "a merchandising short-cut" and "to impregnate the atmosphere of the market with the drawing power of a (such) congenial symbol".

The Tenth Circuit in *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of Cal.*, 56 F. 2d 973, 977, in holding that a trade name is a "property right, entitled to protection", says:

> "A business institution by handling only goods of high quality, by fair dealing, by judicious and honest advertising, by skillful management, and by prompt payment of its financial obligations over a period of years will establish a business reputation or goodwill which, though intangible, is of great value and is entitled to protection the same as any other property right."

The question presented is whether petitioner's property right in "Liliputian Bazaar" is to receive such protection or is the name to be made worthless by permitting petitioner's competitors to use the same slogan in advertising similar wares.

Under the decision herein, as pointed out by Judge Clark in his dissent, any of petitioner's competitors may adopt "Liliputian", provided they place their individual names before it so that petitioner may well face the possibility of competition in New York City

from a "Macy's Liliputian Department" or a "Saks' Liliputian Shop".

If a number of petitioner's competitors were to adopt "Liliputian" as the label for their children's wear, it is obvious that it would lose any value as "a merchandising short-cut". Is this to receive the law's sanction? It will, unless the determination below is reviewed and an authoritative determination by this Court is handed down.

CONCLUSION.

It is, therefore, respectfully requested that a petition for certiorari in this case should be granted.

JOSEPH M. PROSKAUER,
Counsel for Petitioner.

STRAUSS, REICH & BOYER,
Attorneys for Petitioner,
141 Broadway,
New York 6, N. Y.

JOSEPH M. PROSKAUER,
HAROLD H. LEVIN,
M. JAMES SPITZER,
Of Counsel.